

DEPARTMENT OF CONSUMER & INDUSTRY SERVICES
P.A. 527 of 2002

FULL-TIME EQUATED (FTE) POSITIONS/ FUNDING SOURCE	FY 2001-02 YEAR-TO-DATE	FY 2002-03 GOV'S REC.	FY 2002-03 YEAR-TO-DATE	CHANGES FROM FY 2001-02 YEAR-TO-DATE	
				AMOUNT	PERCENT
FTE Positions	4,175.4	3,941.9	3,948.9	(226.5)	(5.4)
GROSS	644,480,400	570,138,000	555,701,500	(88,778,900)	(13.8)
Less:					
Interdepartmental Grants Received	111,800	111,100	111,100	(700)	(0.6)
ADJUSTED GROSS	644,368,600	570,026,900	555,590,400	(88,778,200)	(13.8)
Less:					
Federal Funds	331,440,500	242,311,500	242,311,500	(89,129,000)	(26.9)
Local and Private	740,000	740,000	770,000	30,000	4.1
TOTAL STATE SPENDING	312,188,100	326,975,400	312,508,900	320,800	0.1
Less:					
Other State Restricted Funds	274,291,400	288,987,600	276,532,600	2,241,200	0.8
GENERAL FUND/GENERAL PURPOSE ..	37,896,700	37,987,800	35,976,300	(1,920,400)	(5.1)
PAYMENTS TO LOCALS	19,921,000	19,921,000	12,500,000	(7,421,000)	(37.3)

**FY 2002-03
Change from
FY 2001-02
Year-to-Date**

A. SECTION 8 HOUSING VOUCHERS

The budget includes a reduction in Federal funding for housing vouchers. The amount was increased in the FY 2001-02 budget due to a late year transfer. These funds are used to provide rental subsidies for low income individuals.

Gross	(1,000,000)
Federal	(1,000,000)
GF/GP	0

B. NURSES PROFESSIONAL FUND

The budget includes a \$248,000 increase in funds available for nursing scholarships from the Nurses Professional Fund, which is supported by nursing license fees. Additionally, \$125,000 was added to conduct a study on the nursing shortage by the Center for Nursing.

Gross	373,000
Restricted	373,000
GF/GP	0

C. OFFICE OF FINANCIAL AND INSURANCE SERVICES

1. Financially Troubled Insurers

The budget includes funding for a new program that allows the Department to hire consultants to monitor financially troubled insurers, including health maintenance organizations. The budget provides increased expenditure authorization of \$1,500,000 from insurance regulatory fees.

Gross	2,500,000
Restricted	2,500,000
GF/GP	0

2. Triennial Financial Examination

The budget includes additional resources to ensure that licensed mortgage brokers, consumer lenders, and registered investment advisors are examined every three years. The budget provides increased expenditure authorization of \$1,000,000 from Consumer Finance Fees for contracts with auditing and compliance firms and additional software for Department of Consumer and Industry Services (CIS) staff.

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D. BUREAU OF WORKER'S AND UNEMPLOYMENT COMPENSATION

Gross	(76,071,800)
Federal	(75,000,000)
Restricted	(1,071,800)
GF/GP	0

The budget combines the Bureau of Worker's Disability Compensation, the Unemployment Agency, and the Worker's Compensation Board of Magistrates into the Bureau of Worker's and Unemployment Compensation. The new Bureau was created by Executive Order 2002-1, which also transferred the Wage and Hour Division. Funding for the Bureau incorporates funding shifts and expenditure changes.

Money from Contingent Fund, Penalties and Interest is used in place of corporation and securities fees to fund the Workers' Compensation Division. The budget increases the use of Contingent Fund, Penalties and Interest by \$8,760,500. It decreases funding from Corporation Fees by \$4,826,900 and decreases funding from Securities Fees by \$5,005,400. The net funding reduction is \$1,071,800.

The expenditure changes that make up this reduction include:

- A funding reduction of \$1,028,500 for the training program for agency staff in the Unemployment Agency who will be displaced by the change to telephone application for unemployment benefits. Department staff indicate that this change reflects lower-than-expected use of the training funds.
- A reduction of \$57,500 in funding for the Advocacy Assistance Program in the Unemployment Agency to bring funding within the statutory limit.

The budget continues the restricted fund shift in the Unemployment Agency. The Unemployment Programs, Advocacy Assistance, Special Audit and Collections, Training Programs for Agency Staff, and Expanded Fraud Control Programs line items were funded with \$9,588,500 in Contingency Fund Penalty and Interest funding. These funds will be replaced with \$75,000,000 in Federal Reed Act funds that were set aside in a work project account in the FY 2001-02 supplemental. Another \$411,500 will have to be taken from the Workers' Compensation Division. This \$10,000,000 in Contingency Fund revenue was deposited into the General Fund.

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E. ELEVATOR AND BOILER INSPECTIONS

The budget includes a transfer of FTEs from the Unemployment Agency and adds resources to the elevator and boiler inspection program consisting of 3.0 FTEs for additional elevator inspectors, 6.0 FTEs for additional boiler inspectors, and the purchase of handheld computers. The additional staff and equipment are appropriated to reduce the backlog in inspections of boilers and elevators. This enhancement is financed from restricted fee revenue from elevator and boiler inspections.

Gross	998,600
Restricted	998,600
GF/GP	0

F. ADDITIONAL FIRE SAFETY OFFICE

The budget includes a new Office of Fire Safety in southeastern Michigan to address better the need for fire safety inspections in that area. Authority for 4.0 FTE vacant positions is transferred from the Unemployment Agency.

Gross	287,700
Federal	48,900
Restricted	238,800
GF/GP	0

G. STAFF REDUCTIONS

The budget includes a reduction in personnel to fund the General Fund cost of employee-related economic adjustments.

FTE	(11.0)
Gross	(970,900)
GF/GP	(970,900)

H. BUDGETARY & EARLY RETIREMENT SAVINGS

The budget contains a new appropriation unit that includes the total reductions that will be taken for both the early retirement and an overall General Fund 1% cut. The negative adjustments will be taken from specific line items through the legislative transfer process.

Gross	(2,011,600)
GF/GP	(2,011,600)

I. PROGRAM TRANSFER

FTE	(220.5)
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1. Department of Information Technology

The budget transfers 220.5 FTE employees to the Department of Information Technology (DIT). This consists of 97.5 FTEs from the Unemployment Agency and 123.0 from other CIS programs. Funding of \$26,117,800 is brought into a CIS appropriation for Information Technology Services that will be provided by DIT employees and budgeted to the CIS.

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2. History, Arts, & Libraries

The budget transfers 1.0 FTE and \$150,000 to the Department of History, Arts, and Libraries. This moves funds formerly associated with the Arts and Cultural Grants Program when it was located in the CIS.

FTE	(1.0)
Gross	(150,000)
GF/GP	(150,000)

3. Security Guard Regulation

The budget transfers the licensing and regulation for security guards, railroad police, and private investigators from the State Police. The transfer includes 6.0 FTEs and the licensing revenue to support the division.

FTE	6.0
Gross	450,000
Restricted	450,000
GF/GP	0

J. UNCLASSIFIED SALARIES

The budget includes a 2% increase.

Gross	112,400
Federal	8,300
Restricted	83,000
GF/GP	21,100

K. ECONOMIC ADJUSTMENTS

The standard economic adjustments consist of the following:

Gross	5,150,600
IDG	(700)
Federal	1,164,600
Restricted	2,853,400
GF/GP	1,133,300

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Item	Gross	GF/GP
Salary and Wages	\$4,190,900	\$661,300
Lump Sum Reduction	(1,988,300)	(181,800)
Retirement-Defined Benefit	151,300	204,500
Retirement-Defined Contribution	1,432,400	233,200
Workers' Compensation	78,000	36,500
Building Occupancy	1,991,200	0
Rent	(704,900)	0
Total	\$5,150,600	\$1,133,300

L. OTHER ISSUES

The budget includes a \$1,180,600 reduction due to the discontinued payments related to the 1997 early retirement program and makes various fund source adjustments.

Gross	(15,446,900)
Federal	(14,350,800)
Restricted	(1,183,800)
Private	30,000
GF/GP	57,700

M. VETOES

1. Fire Protection Grants

The Governor vetoed Fire Protection Grants in this bill. The funding was later restored in a boilerplate section in the Transportation budget, P.A. 561. This funding is distributed to local governments in lieu of property taxes for State-owned buildings.

Gross	0
Restricted	0
GF/GP	0

2. Community Action Agencies

The Governor vetoed the boilerplate language that would have allocated funding from the Low Income Energy Efficiency Grant Program to the Community Action Agencies for shut-off protection programs. This reduces the grant line to \$57,000,000, which will be distributed competitively under the three grant categories.

Gross	(3,000,000)
Restricted	(3,000,000)
GF/GP	0